

In 1958 I took an economics course at the U of I Chicago. The instructor using a Samuelson text spent at least a week selling LVT. The student next to me said it sounded really great, I wish I knew how many students across the country had that experience.

As George says there are two sides to an economic problem, is it right or is it wise? To me the problem is the wise side does not always register. I think when George's economics became The Single Tax, it killed it. I also think a big part of the Henry Geoge School's past problems was not getting to "we should make land common property" until lesson seven. I do not know what percent of the students were still there. Enclosed is a presentation which I hope goes the right way. If you see any value in it you may use it, or any part of it, to see how well it works.

gizmenningert@gmail.com 773 369 8046

From The Economist, May 2nd 2015. "Since 1960 productivity in America has risen by almost 220%, but real wages by less than 100%". Lincoln {Tariff Discussion 12/01/1847} "Inasmuch as good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened, in all ages of the world, that some have labored, and others have without labor enjoyed a large proportion of the fruits"

An example of this; Let us imagine that a very very rich person sees a very very poor town, in which almost everyone pays rent. Out of concern for the poor, they decide to give every household \$1,000 a month. Would this help the poor? The answer is little, if at all. Why? Once word gets out hundreds, if not thousands, of people try to move into the town, and rents go up. Some might think that landlords (like Trump) are nice people, and would not raise the rent. You do not know landlords. One person gives, and another person takes. It is legal. Something to make this clearer. Let us again imagine that the town has a sister town divided by a street. There are two exactly the same houses on each side of the street. In this situation the rent of the house in the town that received the gift goes up, and the one in the other town stays the same. The point is, it is not the building that goes up in value but the land they sit upon.

Adam Smith is considered the father of economics. Now called Classical Economics. One definition, the study of how we make a living.

Classical Economists thought that there are three things needed to make a living, or three factors of the production of wealth, land, labor and capital. Land, the first factor, is the entire material universe minus man and his products. Land was put first because it is the foundation on which all is built. Labor, the second factor, is the one active factor that produces everything. All needs labor to make it work. Capital, the third factor, is wealth used to help produce wealth. Something of interest is that labor and capital have a strong connection. Basically it is labor, and stored labor, capital, used to produce wealth. Man was placed on this earth and it is his labor that changes everything.

To help make the picture clear I will use a very simplified economic model. A primitive man has nothing, and is hungry. After a long look he finds a very straight tree branch, he then looks for and finds a very rough stone. He uses the stone to smooth the sides, and sharpen the end of the branch. He then goes and finds himself a meal. At about this time another man comes out of the woods and tells the man that half the meal is his. The first man asks the second man why? The second man tells him because you did it on my land. Then the first man asks, why is it your land? The second man tells him because I came here before you. You might think it does not make sense. But if you know the story of Robben Hood, he killed a meal in a forest, and he had it taken away, and it also made him a criminal.

How do we use the three factors of production to determine, and solve the labor problem?

Think of the total product as being a pie. Each of the three factors of production contribute a % in making the pie, and each of the three factors of production in the end are rewarded with a % of the pie. If one of the three factors of production increases their % of the pie, then one or both of

2

the other factors of production gets less, Thus if labor is getting a smaller %, then land or capital, or both are getting a larger %. Our goal is to determine which factor.

Now, as there are three factors of production, there are also three people who supply those factors, and also reap the rewards, or their share of the wealth produced. As there are three people who are rewarded for supplying the three factors, a question to ask is how important are those three people. Or looking at it from the other side, where would we be without them. The main reason for asking this is why should a person be rewarded who is not needed.

We will start with the supplier of labor. Without labor there would be no utilities, no food produced, no clothes produced, and no more gas for your car. In a matter of time we would all die. The importance of labor is interesting. in that no creature on this earth, from the elephant to the ant, could survive without labor. Even in plants, a tree often lifts a sidewalk with its roots looking for water.

Next in line are the importance of the people who supply capital. Again without capital there would be no utilities. The lines and pipes are capital. Everything you buy is capital until you pay for it.. Some people might survive, but it would not be easy. We would basically be living like animals without capital.

Lastly is the importance of the supplier of land, or where would we be without them? I will have to leave this because I have no answer.

There are only two things we can own on our earth. They are one the fruits of our labor, and two land. Ownership of each has a very different starting point. With the product of our labor the starting point is, " As a man belongs to himself(not a slave) then so too does the products of his labor". How does the ownership of land begin? "Conflict, force and fraud".

To me the answer is very simple, it is something my parents taught me in about first grade. They told me that what a person produces belongs to him, but our earth was a free gift given equally to every person put upon it, and should be owned equally by all the people put upon it.

Something that upsets me about our system is that many if not most people on our earth must pay another person for the right to live on our earth.

How can we change it? There are two places on our earth that have tried to solve the problem, Israel, and Hong Kong. In Israel 97% of the land is owned by the government, or the people. If you want to build something you go to the government and sign a land lease, I will give you one advantage of many advantages. According to realtors the cost of land for a house is $\frac{1}{4}$ to $\frac{1}{3}$ of the total price. Thus in Israel houses cost $\frac{1}{4}$ to $\frac{1}{3}$ less.

I should point out that all the information on Hong Kong comes from before China took it over. In Hong Kong, the government owned all the land except that under the Anglican cathedral. The taxes were low, none at all are levied on $\frac{2}{3}$ of the workforce and 90% of the companies. It is because for twenty years the government has relied on land for revenue. There was also no sales or value added tax.

One very important fact. If you agree that our earth should belong equally to all the people put upon it, there are actually two ways to do it. One of the ways to do it is the way Israel and Hong Kong did it, own the land. The other way it can be done is through what is called land value taxation {LVT}. Ten Nobel Prize winning economists have endorsed it. How does it work? The government collects, through a tax on land, 100% of the potential rent of the land .